

## Message Text

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C O N F I D E N T I A L STATE 195890 TOSEC 200130

FOL RPT MADRID 6047 ACTION SECSTATE 06 AUG QUOTE

C O N F I D E N T I A L MADRID 6047

E.O. 11652: GDS

TAGS: PFOR, SP

SUBJECT: CONVERSATION WITH THE PRIME MINISTER

1. I CALLED ON PRIME MINISTER SUAREZ MORNING AUGUST 6 AT MY REQUEST AND FOLLOWING INDICATION SEVERAL WEEKS AGO THAT PRIME MINISTER WOULD LIKE TO SEE ME. CONVERSATION, ALTHOUGH FAIRLY BRIEF, WAS VERY CORDIAL AND SUAREZ GAVE ME THE IMPRESSION OF SOMEBODY WHO WAS VERY MUCH IN CHARGE OF THE SITUATION. THE TONE AND STYLE OF THE PRIME MINISTER'S OFFICE HAVE CHANGED AS A YOUNGER AND MORE DYNAMIC GROUP HAS TAKEN OVER. AS I ENTERED SUAREZ'S OFFICE, FORMER INDUSTRY MINISTER LOPEZ DE LETONA WAS LEAVING, AND I WOULD NOT DOUBT THAT LOPEZ DE LETONA IS PLAYING AN IMPORTANT ADVISORY ROLE ON ECONOMIC MATTERS TO SUAREZ.

2. SUAREZ ACKNOWLEDGED THAT HE FACED MANY DIFFICULT AND COMPLICATED PROBLEMS, BUT HE WANTED TO EMPHASIZE THAT HE IS COMPLETELY DEDICATED TO ESTABLISHING DEMOCRACY IN SPAIN. HE REALIZED AT THE OUTSET THAT  
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HIS APPOINTMENT AS PRIME MINISTER HAD NOT BEEN ENTHUSIASTICALLY RECEIVED EITHER IN SPAIN OR ABROAD. THIS HAD BEEN COMPOUNDED BY THE ATTITUDES OF VARIOUS PEOPLE IN SPAIN WHO, FOR ONE REASON OR ANOTHER,

HAVE NOT BECOME MEMBERS OF THE GOVERNMENT. HOWEVER, HE WAS NOW WORKING HARD TO OVERCOME THIS INITIAL REACTION, AND HE FELT THAT HE WAS HAVING SUCCESS IN THIS EFFORT. HE WAS DETERMINED THAT THERE SHOULD BE NO DOUBT THAT SPAIN NOW HAD A POLITICAL LEADER AND THIS WAS IMPORTANT SINCE THERE HAD BEEN NO SUCH LEADER IN THE PREVIOUS GOVERNMENT. HE NOTED THAT I HAD OBSERVED THAT HIS MINISTERS WERE VERY RE-SERVED ABOUT MAKING ANY D DECLARATIONS OR INDEED IN TALKING ABOUT THE GOVERNMENT'S PROGRAM. HE SAID THIS WAS EXACTLY WHAT HE WANTED AS THERE COULD ONLY BE ONE PERSON IN CHARGE.

3. SUAREZ SAID THAT THE MOST DIFFICULT PROBLEM WAS THE ECONOMIC ONE BECAUSE THIS OBVIOUSLY AFFECTED THE CONDITIONS UNDER WHICH THE DEMOCRATIC REFORM PROGRAM COULD MOVE FORWARD. MEASURES WHICH THE GOVERNMENT WOULD TAKE WOULD BE STEP-BY-STEP. THE DIFFICULTY HE FACED WAS TRYING TO FIND A MIDDLE COURSE SINCE THE MEASURES WHICH PERHAPS SHOULD BE TAKEN WERE NOT MEASURES WHICH WOULD BE POLITICALLY WISE. I COMMENTED THAT IT SEEMED TO ME THE MEASURES WHICH THE GOVERNMENT HAD RECENTLY TAKEN WOULD HAVE THE EFFECT OF INCREASING INFLATION. HE SAID THE PROBLEM WAS THAT IF THERE WAS NOT SOME INCREASE IN GOVERNMENT SPENDING, THERE WAS NO WAY AT THIS TIME TO ACHIEVE SOME REACTIVATION IN THE COUNTRY'S ECONOMY. MEDIUM TERM INVESTMENT OF THIS SORT WAS ESSENTIAL IN ORDER TO PREPARE THE GROUND FOR LONGER TERM INVESTMENTS LATER. HE ADDED THAT HE HOPED FOR FULL UNDERSTANDING AND SUPPORT FROM SPAIN'S FRIENDS AND PARTICULARLY THE UNITED STATES, AS SPAIN TRIED TO DEAL WITH ITS ECONOMIC PROBLEM. I ASSURED HIM THAT HE HAD OUR UNDERSTANDING AND SUPPORT AS SPAIN MOVED FORWARD ON THE ROAD TO DEMOCRATIC REFORM. I ALSO TOOK THE OCCASION TO GIVE HIM THE FULL TEXT OF THE STATEMENT MADE BY THE DEPARTMENT'S PRESS  
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SPOKESMAN ON JULY 30, WHICH HE IMMEDIATELY READ.

4. I ASKED THE PRIME MINISTER IF HE COULD GIVE ME ANY INDICATION OF WHAT SORT OF CALENDAR HE SAW FOR THE POLITICAL REFORM PROGRAM HE REPLIED THAT THE ONLY TIME LIMIT TO WHICH HE HAD COMMITTED HIMSELF SO FAR WAS THAT WHICH WAS IN THE GOVERNMENT'S PROGRAM ANNOUNCEMENT, I.E., THAT GENERAL ELECTIONS WILL BE HELD NO LATER THAN THE END OF JUNE, 1977. HE DID NOT INTEND TO COMMIT HIMSELF AT THIS TIME TO ANY PARTICULAR TIME TABLE WITH REGARD TO CARRYING OUT HIS REFORM PROGRAM. HE HAD CERTAIN IDEAS IN MIND, BUT HE HAD NOT EVEN DISCUSSED THESE WITH HIS MINISTERS. THE REASON FOR THIS HE SAID, WAS

THAT HE HAD TO PREPARE THE GROUND AS CAREFULLY AS POSSIBLE FOR THE POPULAR CONSULTATION WHICH WOULD TAKE PLACE TO SET THE STAGE FOR THE EVENTUAL GENERAL ELECTIONS. HE HAD TO MAKE SURE THAT THE DATE HE EVENTUALLY CHOSE FOR THE REFERENDUM, OR WHATEVER IT MIGHT BE CALLED, BE AT A TIME WHICH WAS MOST FAVORABLE FROM THE GOVERNMENT'S POINT OF VIEW. IN OTHER WORDS, IT COULD NOT TAKE PLACE AT A MOMENT OF INCREASED UNEMPLOYMENT, RISING COST OF LIVING, LABOR CONFLICTS, ETC. HE HAD TO CHOOSE GROUND MOST FAVORABLE TO HIM AND NOT PERMIT HIMSELF TO BE FORCED INTO A TIMING WHICH WOULD BE CLEARLY DISADVANTAGEOUS. HE WOULD BE DEVOTING THE MONTH OF AUGUST TO CONSIDERING THESE PROBLEMS AND ALL HE COULD SAY NOW WAS THAT WHILE THE MONTH OF OCTOBER FOR THE "REFERENDUM" OR WHATEVER IT MIGHT BE CALLED, WAS NOT EXCLUDED, IT ALSO HAD NOT BEEN DECIDED.

5. WITH REGARD TO THE SUBSTANCE OF THE REFERENDUM, THE PRIME MINISTER TOLD ME THAT HE WAS CONSIDERING EIGHT POSSIBLE OPTIONS. IT WAS NECESSARY TO BEAR IN MIND CERTAIN LEGAL REQUIREMENTS IN CONNECTION WITH CONSTITUTIONAL CHANGES, BUT IT WAS ALSO NECESSARY TO TAKE ADVANTAGE OF ALL POSSIBILITIES PROVIDED BY EXISTING FUNDAMENTAL AND ORGANIC LAWS. HE SAID HE INTENDED TO MOVE ALONG CAREFULLY AND CONSISTENTLY, BUT WITHOUT UNDUE HASTE WHICH WOULD ONLY CAUSE HIM MORE DIFFICULTIES.

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6. PRIME MINISTER EMPHASIZED THAT HE HAD NO DESIRE WHATSOEVER TO IMPOSE REFORM AND FOR THIS REASON HE HAD UNDERTAKEN A WIDE SERIES OF CONTACTS WITH THOSE REPRESENTING THE RIGHT, THE CENTER AND THE VARIOUS GROUPS IN THE NON-COMMUNIST OPPOSITION. HE ADDED THAT HE EXCLUDED CONTACTS WITH THE COMMUNISTS. THE CONTACTS WHICH HE HAD HAD SO FAR WITH VARIOUS GROUPS HAD BEEN ALTOGETHER POSITIVE. HE HAD BEEN INTRIGUED BY THE WIDE GAP BETWEEN WHAT SOME OF THE POLITICAL LEADERS HAD SAID TO HIM AND THE ANALYSES OF THE POLITICAL SITUATION WHICH APPEAR AT TIMES IN THE PRESS. HE EXPRESSED OPTIMISM THAT IT WOULD BE POSSIBLE TO WORK OUT A DEGREE OF UNDERSTANDING OR EVEN PACT WITH THE VARIOUS POLITICAL FORCES WITH RESPECT TO THE VARIOUS STEPS IN THE REFORM PROGRAM. HE IN NO WAY REGARDED THESE VARIOUS POLITICAL GROUPS AS REPRESENTATIVE SINCE UNTIL AFTER ELECTIONS IT COULD NOT BE SAID THAT ANY POLITICAL GROUP IN SPAIN HAD A REPRESENTATIVE POSITION. AT THE SAME TIME, IT COULD BE SAID THAT THESE POLITICAL GROUPS WERE EXPRESSIVE OF CERTAIN POINTS OF VIEW AND IT WAS FOR THIS REASON THAT HE WANTED TO MAIN-

TAIN CLOSE TOUCH WITH THEM.

7. THE PRIME MINISTER CONCLUDED BY SAYING THAT HE HAD SPENT 25 YEARS IN ACTIVE POLITICS AND HAD OCCUPIED ALL SORTS OF POSITIONS FROM THE LOWEST TO THE HIGHEST. HE NOW INTENDED TO PUT THAT EXPERIENCE TO THE BEST POSSIBLE USE IN ORDER TO TRY TO LEAD SPAIN IN ALL TRANQUILITY TO A DEMOCRATIC FORM OF GOVERNMENT. IT WAS ESSENTIAL THAT THE GOVERNMENT KEEP CONTROL OF THE SITUATION AT ALL TIMES AND CARRY OUT ITS POLICIES IN SUCH A WAY TO AVOID THE POSSIBILITY OF CONFRONTATIONS. POLICY WOULD NOT BE MADE IN THE STREETS. HE DID NOT UNDER-ESTIMATE THE DIFFICULTIES AND COMPLEXITIES OF THE TASK, BUT HE WAS DETERMINED TO DO EVERYTHING HE COULD TO ACHIEVE A PEACEFUL TRANSITION TO REPRESENTATIVE DEMOCRACY.

8. I THANKED THE PRIME MINISTER FOR HIS FRANK  
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STATEMENT WHICH I SAID GAVE ME A BETTER UNDER-  
STANDING OF HIS APPROACH. I REITERATED TO HIM  
THAT HE HAD OUR SUPPORT AND BEST WISHES IN HIS  
TASK.

STABLER

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